

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Southern California
Edison Company (U 338-E) for
Approval of its 2013 Rate Design
Window Proposals.

Application No. 13-12-015
(Filed December 24, 2013)

PROTEST OF THE OFFICE OF RATEPAYER ADVOCATES

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Pursuant to Rule 2.6 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Office of Ratepayer Advocates ("ORA") hereby protests Application ("A.") 13-12-015 ("Application") filed by Southern California Edison Company ("SCE"), for Approval of its 2013 Rate Design Window Proposals. In the Application, SCE requests approval for changes to its "Option R" rates, which are for certain non-residential customers with onsite renewable generation, and "EV" rates, for proposed new electric vehicle charging for residential customers.

I. BACKGROUND

SCE filed this application (A13-12-015) pursuant to the modified rate case plan adopted in D.07-07-004, which established a procedure that California Investor Owned Utilities may use in seeking rate changes for years not covered by the rate design portion of their General Rate Cases (GRC). SCE maintains that the Commission further ordered it to file specific proposals for "Option R" rates and "EV" rates in D.13-03-031 and D.11-07-029 respectively.

A. Option R

According to SCE, Option R rate schedules are available to commercial and industrial customers with demands greater than 20 kW, but not exceeding four MW, and

who employ renewable distributed generation technologies. Option R is structured so that SCE recovers all generation-related capacity costs, and a portion of the distribution and transmission-related capacity costs, through volumetric energy charges on a cent per kilowatt-hour (“kWh”) basis. Option R was first adopted in Decision (“D.”) 09-08-028, which approved a settlement resolving SCE’s 2009 GRC Phase 2 proceeding. The settlement agreement adopted in D.09-08-028 described Option R as an “experimental rate,” and specified that “[p]articipation on [Option R] will be limited to a cumulative installed distributed generation output capacity of 150 MW for all eligible rate groups.”

SCE proposes that the eligibility requirements for Option R and the 150 MW program cap remain unchanged, but it proposes changes to the rates themselves. These proposed rate changes are based on a revised SCE Option R rate design study reflecting diversity and non-coincident peak demands. Based on this study, SCE proposes changes to the adjustments, for Option R customers, to the Distribution and Transmission “Facility-Related Demand Charges” in various rate schedules. The impact of the proposed rate changes, relative to the current Option R rates, ranges from -1.03% to +2.44%.

The proposal to maintain the 150 MW cap is based on a Net Energy Metering (“NEM”) cost-effectiveness study which was prepared by the Commission’s Energy Division under a contract with Energy and Environmental Economics, Inc. (“E3”), issued on October 28, 2013 (“E3 Study”). SCE also conducted its own cost-benefit analysis of solar PV installations by evaluating the utility’s avoided costs and the estimated bill reductions associated with both NEM and, in particular, Option R. These cost effectiveness studies are relevant to this rate proposal given that over 97% of all Option R accounts are also subscribed to NEM.

B. New Residential TOU Rates for EV Owners and Others

Currently SCE has two TOU rate options available to PEV owners: (1) Schedule TOU-EV-1, a single tier TOU rate for separately metered PEV loads; and (2) a two-tiered inclining block TOU rate Schedule TOU-D-TEV for single meter (whole house) usage, available to residential PEV owners only.

SCE proposes only minor changes to its separately metered TOU-EV-1 rate, but proposes a full replacement of TOU-D-TEV with a new single-tier TOU-D rate with an optional baseline credit. Current TOU-D-TEV customers would be migrated to TOU-D. In addition to shifted and longer peak periods and super-off-peak periods, the TOU-D rate is proposed to be available as an option to all residential customers, regardless of EV ownership.

SCE proposes two options for its TOU-D rate. Option A is intended to benefit low-usage customers, and it features a baseline credit and the standard (default) customer charge (currently \$0.91 per month). Option B is intended for high-usage customers, and it has no baseline credit but has a \$16 per month customer charge. The high customer charge allows on-peak and semi-peak rates on Option B that are about 6.3 cents lower than the corresponding Option A rates. For both Options, the super-off-peak period is ten hours long (10:00 PM to 8:00 AM). The super-off-peak rates are identical in the two options.

SCE proposes to allow customers to switch between Options A and B, or back to its default residential Schedule D without restriction. This is accomplished by exempting such transitions from Rule 12.D, which would otherwise impose a 12-month waiting requirement.

SCE designed both Option A and Option B of the proposed Schedule TOU-D to be revenue neutral to SCE's default domestic rate (Schedule D). As SCE's testimony states:

... the migration of customers from Schedule D to Schedule TOU-D has the potential of creating a revenue deficiency. To address this issue, SCE proposes to annually rebalance the Schedule TOU-D rate to be revenue neutral to Schedule D. Any revenue deficiency will be captured in the Conservation Incentive Adjustment (CIA) balancing account, and will be allocated to the entire residential class of customers.

II. ISSUES TO BE ADDRESSED

A. Option R

The rate changes proposed are minor in terms of their bill impacts and may have little effect on residential and small commercial customers. However, the Commission must determine whether the current 150 MW cap should be retained. One of the factors in making this determination is SCE's claim that Option R only adds to the costs shifted from NEM participants to non-NEM customers. ORA is investigating this claim and may be in a position to recommend whether to maintain the current cap when the investigation is complete.

B. New Residential TOU Rates for EV Owners and Others

TOU-D appears well-suited for PEV charging: both options feature a low (10.9 cent per kWh) super-off-peak rate over a ten-hour super-off-peak period, which is long enough to charge most vehicles with standard household current (Level 1).

However, the proposed \$16 per month customer charge of Option B is very high. The proposed TOU-D customer charge is likely based on a rental method approach to marginal customer access costs, which the CPUC correctly has rejected as overcharging customers for the cost of hookup equipment. ORA intends to investigate the cost basis of this proposed customer charge.

SCE's proposal to make the TOU-D rate options available to non-EV owners raises several implementation issues. One question is whether SCE is interested in promoting the new TOU-D options widely. According to SCE's bill impact analysis in Table III-9 of SCE's testimony, a customer has to consume more than 900-1,100 kWh per month to benefit from switching to Option A (which is fairly likely for a household with a PEV). Only 15.5% of SCE's customers currently consume more than 900 kWh per month. Ironically, for option B, the breakeven point is only 700 kWh per month, but marketing the \$16 customer charge might be challenging. ORA notes that SCE performed these bill impact analyses relative to the three-tier rate design that it presented in Phase 2 of the Rate Design rulemaking (R.12-06-013). In R.12-06-013, the assigned commissioner's office had asked the utilities to refile their proposals with four-tier rate

designs. So in the near term, even fewer customers on the default residential schedule D would benefit from switching to the new TOU-D rate.

Ironically, if promotion to a larger audience were unsuccessful, and few customers signed up for these rates, then revenue loss is less of a concern. But the converse also is true. The main issue here is whether an optimal TOU rate for PEV owners is also optimal as an optional rate for the residential class as a whole, and whether it should be. ORA intends to investigate the suitability of the proposed rates for general residential use as well as “whole-house” rates for residential PEV owners.

ORA intends to conduct discovery and continues to review the application. The issues stated in this protest may not be exhaustive of the issues in the case. Therefore ORA reserves the right to raise additional issues on the basis of any additional information discovered in the course of this proceeding.

III. PROCEDURAL ISSUES

SCE filed the Application on December 24, 2013.¹ The Commission’s Rules of Practice and Procedure 2.6(a) provides that “a protest or response must be filed within 30 days of the date the notice of the filing of the application first appears on the daily calendar.” Notice for A.13-12-015 first appeared in the “New Filings” section of the Commission’s daily calendar on December 27, 2013. Accordingly, protests and responses are due on Monday, January 27, 2014.²

ORA, however, questions the need, and the efficiency, of maintaining A.13-12-015. This application consists of two widely disparate elements that logically could fit in other current proceedings rather than being litigated in a separate proceeding. Other relevant current proceedings include SCE’s forthcoming GRC Phase 2 filing and the Commissions Residential Rate Design Rulemaking, R.12-06-013.

ORA believes that hearings may be necessary and presents its proposed schedule, which includes modifications to SCE’s proposed schedule, as follows.

¹ A.13-12-015.

² 30 days falls on Sunday January 26, 2014.

ORA's Proposed Schedule

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|-------------------------------------|------------------------------|
| Application Filed | 12/24/2013 |
| Daily Calendar Notice Appears | 12/27/2013 |
| Protests and Responses Due | 1/27/2014 |
| Reply to Protests and Responses due | 2/6/2014 |
| Prehearing Conference | Late February or March, 2014 |
| Intervenor Opening Testimony | 6/30/2014 |
| Rebuttal Testimony | 7/30/2014 |
| Evidentiary Hearings (if needed) | 8/11- 8/15, 2014 |
| Concurrent Briefs | 9/2/2014 |
| ALJ Proposed Decision (PD) | 11/3/2014 |
| CPUC – Final Decision Expected by | 12/4/2014 |
| Rates Effective | 1/1/2015 |

IV. CATEGORIZATION

ORA agrees with SCE that the proper categorization for this proceeding is Ratesetting.

V. CONCLUSION

For the foregoing reasons, ORA protests SCE's filing.

Respectfully submitted,

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